

Message

From: Ussery, Ian [Ussery.Ian@epa.gov]
Sent: 11/4/2022 4:04:06 PM
To: LOOFF Jennifer [jennifer.looff@geostocksandia.com]; Johnson, Ken-E [Johnson.Ken-E@epa.gov]
CC: Friesenhahn, Brody [friesenhahn.brody@epa.gov]; Maples, Brandon [Maples.Brandon@epa.gov]
Subject: RE: Financial Assurance for Class VI Wells
Attachments: HQ_Financial Responsibility Guidance.pdf

Good morning Jennifer,

Enclosed is the Financial Responsibility Guidance I wanted to share with you and Ex. 4 CBI if you all did not already have them.

First, off I should mention per EPA guidance, self-insurance is acceptable.

“Self insurance requires that the owner or operator demonstrate their financial condition. For all qualifying financial responsibility demonstrations, it is expected that the demonstration, including cost estimates, will be updated and verified over time to ensure that the project costs will fall within the coverage provided by the financial responsibility instrument(s).”

40 CFR 146.85(a)(6)(v) An owner or operator may use self insurance if it meets minimum requirements

As for the “quote” aspect, an applicant, during the initial submittal of their application, is required to be as specific as possible as to what means they will demonstrate financial assurance:

“Under 40 CFR 146.85, the owner or operator must demonstrate that they have met the stated financial responsibility requirements before the UIC Program Director can approve a permit for a Class VI well.”

“The Rule requires, at 40 CFR 146.85(c), that the owner or operator have a detailed written estimate, in current dollars, of the cost of performing corrective action on wells in the area of review, plugging the injection well(s), post-injection site care and site closure, and emergency and remedial response.”

Since the technical review phase of the application is an iterative and lengthy endeavor, an applicant can initiate financial instrument(s) in a timely manner. As we approach the end stages of preparing to go to public comment, the applicant could begin their instrument(s). Once we receive confirmation that all financial responsibility has been demonstrated, we can proceed. The overhead cost would be reduced to the time required for public comment, responding to all comments, and then issuing the permit to construct.

From: LOOFF Jennifer <jennifer.looff@geostocksandia.com>
Sent: Thursday, October 27, 2022 10:38 AM
To: Johnson, Ken-E <Johnson.Ken-E@epa.gov>
Cc: Ussery, Ian <Ussery.Ian@epa.gov>
Subject: Financial Assurance for Class VI Wells

Good Morning,

Ex. 4 CBI is just about ready to submit a Class VI permit application in Louisiana. The question of proof of financial assurance arose. Laura Sorey from LDNR said that self-insurance is not acceptable for a Class VI submittal. That’s cool. The

question now is...is a **quote** from a 3rd party source acceptable for submittal. Ex. 4 CBI doesn't want to have to pay for the bond or letter of credit 2 years in advance of drilling if that's not necessary. LDNR said the quote is acceptable with them but since they won't have primacy by the time we submit, to check with you.

Thank you so much!!



Jennifer LOOFF

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